



# Department of Justice

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## **NEW YORK FOOD COMPANY AND CO-OWNER PLEAD GUILTY TO RIGGING BIDS ON NYC CONTRACTS**

WASHINGTON, D.C. -- A Bronx, New York food distribution company and its co-owner today pleaded guilty to rigging bids for the supply of food to the New York City Department of Citywide Administrative Services (DCAS), an agency that conducts competitive bidding for the supply of food and other items to the city's hospitals, jails and other facilities, the Department of Justice announced.

Jacobson Produce Inc., of the Bronx, New York, and its co-owner, Kenneth Jacobson of South Salem, New York, pleaded guilty in U.S. District Court in Manhattan to participating in a scheme to rig bids to supply produce to DCAS. Kenneth Jacobson arranged for Jacobson Produce to be paid \$148,000 over a period of two years by a co-conspirator in exchange for agreeing not to bid for approximately 16 DCAS produce contracts.

Including today's filing, the Department's ongoing investigation of bid rigging, bribery, fraud, and tax-related offenses in the food distribution industry has resulted in charges against 31 individuals and 15 food companies for rigging bids for the supply and delivery of food to various public and private customers in the New York metropolitan area.

"Today's case, the latest in a series of cases involving bid-rigging on New York City food contracts, demonstrates the Antitrust Division's commitment to prosecute schemes that inhibit

competition for bidding on public contracts," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division.

Jacobson Produce Inc. and Kenneth Jacobson are charged with violating Section 1 of the Sherman Act, 15 U.S.C. § 1, which carries a maximum fine of \$10 million for a corporation, and three years imprisonment and a \$350,000 fine for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. The court will determine the appropriate sentences under the U.S. Sentencing Guidelines.

In addition, each of the defendants could be ordered to pay restitution to the victim for the full amount of the victim's loss.

The ongoing investigation is being conducted by the Antitrust Division's New York Field Office, the Federal Bureau of Investigation, and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the food distribution industry should contact the New York Field Office of the Antitrust Division at (212) 264-0679 or the New York Division of the FBI at (212) 384-3252.

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